

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 IO-13 AGRE-00 EB-08 USIA-06
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FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 009
INFO AMEMBASSY ROME

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FOR ARA/ECA AND IO; ROME FOR FODAG

EO 11652 NA
TAGS NORG, EAID BR
SUBJECT: US POLICY TOWARD WORLD FOOD AND OTHER MULTILATERAL
PROGRAMS

REFS: A) STATE 008699, B) BRASILIA 0611, C) ROME 1363

SUMMARY: APPLICATION OF US BILATERAL ASSISTANCE POLICY
TO US-SUPPORTED MULTILATERAL PROGRAMS MAY CREATE NEW PROBLEMS IN
US-BRAZIL RELATIONS. CASE IN POINT RISES OUT OF AID/W DENIAL OF
FOOD COMMODITIES FOR WORLD FOOD PROGRAM (WFP) PROJECT IN BRAZIL
WHICH MEETS WFP CRITERIA DESPITE EARLIER US POSTURE OF SUPPORT
OF BRAZILIAN ASPIRATIONS IN MULTILATERAL FORA. IN VIEW OF PRE-
MATURE US WITHDRAWAL OF PL-480 ASSISTANCE TO BRAZIL, A US VETO OF
THE WFP PROJECT WOULD BE RECEIVED WITH BITTERNESS AND WOULD
CREATE AN UNNECESSARY IRRITANT WITH THE GOB. END SUMMARY.

1. EMBASSY WISHES TO CALL THE DEPARTMENT'S ATTENTION
TO A BUDDING PROBLEM AREA ARISING OUT OF ACTION TAKEN (REF A)
TO DENY US PL 480 FOOD COMMODITIES TO A WFP PROJECT IN
BRAZIL, WHICH REPORTEDLY (REF C) MEETS WFP CRITERIA. WE REPLIED
(REF B) THAT THE DECISION WAS NOT IN LINE WITH THE WASHINGTON
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APPROVED AID PHASE-OUT PLAN WHICH WAS SUBMITTED IN RESPONSE TO NSC/
IG DECISION MEMORANDUM NO. 8, APRIL 17, 1973. THE AMBASSADOR'S
OCTOBER 31, 1973 OVERVIEW TO THE PHASE-OUT PLAN SUBMITTED NOV.
1973 AND APPROVED IN 73 STATE 249680, STATES
IN PART"...I WAS CAREFUL TO POINT OUT THAT THE CHANGED CIRCUMSTANCES
WITH RESPECT TO OFFICIAL BILATERAL ASSISTANCE DID NOT AFFECT
THE POSITIVE US POSITION TOWARD BRAZILIAN

ACCESS TO MULTILATERAL INSTITUTIONS (THE WORLD BANK AND THE IDB WERE SPECIFICALLY MENTIONED)..." SUBSEQUENT INFORMAL AND FORMAL DISCUSSIONS WITH GOB OFFICIALS ON AID PHASE-OUT STRESSED OUR WILLINGNESS TO CONTINUE TO SUPPORT BRAZIL'S ASPIRATIONS WITH THE MULTILATERAL AGENCIES.

2. EMBASSY ROME HAS PRESENTED WHAT SEEMS TO US TO BE A VERY CLEAR EXPOSITION OF THE PROBABLE IMPACT OF THIS NEW POLICY APPROACH ON OUR RELATIONS WITH ONE MULTILATERAL ORGANIZATION. ON THE BASIS OF OUR CONTACTS WITH MULTILATERAL REPRESENTATIVES IN BRAZIL WE REAFFIRM ROME'S ANALYSIS OF THE MULTILATERAL'S JUSTIFIABLE SENSITIVITIES OVER INCURSIONS INTO THEIR PROGRAMMING DOMAIN. USING THE WFP/BRAZIL PRESCHOOL/PRIMARY SCHOOL FEEDING PROJECT AS AN EXAMPLE, WE WISH TO OFFER SOME ADDITIONAL BACKGROUND INFORMATION TO ELABORATE ON THE POTENTIAL FALLOUT IN BRAZIL SHOULD THE USG CONTINUE TO APPEAR TO BE BLOCKING PROJECTS WHICH CONFORM TO THE MULTILATERAL DONORS CRITERIA.

3. A. THE SCHOOL LUNCH PROGRAM WAS STARTED IN BRAZIL IN THE EARLY 1960'S WITH PL 480 ORIGINALLY MEETING SOME 90 PERCENT OF THE PROGRAM'S FOOD REQUIREMENTS. IN THE DAYS OF PL 480 PLENTY, WE ENCOURAGED THE GOB TO EXPAND THE PROGRAM TO THE POINT WHERE IT WAS REACHING ELEVEN MILLION STUDENTS BY 1973, ONCE THE SCHOOL LUNCH PROGRAM WAS ESTABLISHED IT BECAME EXTREMELY DIFFICULT POLITICALLY FOR THE GOB TO CURTAIL IT DESPITE CHANGING PRIORITIES AND/OR RESOURCES. IN 1973, USAID AND THE GOB NEGOTIATED A TERMINAL THREE-YEAR PROGRAM PROPOSAL, THROUGH WHICH THE PL 480 PARTICIPATION WAS TO HAVE BEEN GRADUALLY REDUCED FROM THE THEN 30 PERCENT OF THE PROGRAM TO A FINAL 8 PERCENT INPUT IN 1976. PL480 COMMODITY LIMITED OFFICIAL USE

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SHORTAGES PREVENTED US FROM FULFILLING OUR PLANNED COMMITMENTS IN THE FIRST YEAR OF THE THREE YEAR PHASE OUT. THE ABRUPT CANCELLATION OF MORE THAN 90 PERCENT OF THE PLANNED PL 480 INPUT CAUSED THE GOB SERIOUS PROBLEMS IN MEETING SCHOOL LUNCH REQUIREMENTS IN THE NORTH-NORTHEAST, WHERE PL 480 COMMODITIES WERE TO HAVE BEEN CONCENTRATED IN ACCORDANCE WITH AID PROGRAM EMPHASIS.

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B. MATERNAL CHILD FEEDING PROGRAM. BY THE LATE 1960'S NUTRITION RESEARCH REVEALED THAT PRIMARY SCHOOL AGED CHILDREN WERE NOT IN THE HIGHEST PRIORITY TARGET GROUP FOR FEEDING PROGRAMS AND THAT CONCENTRATION SHOULD BE FOCUSED ON PRESCHOOL AGED CHILDREN. IN 1969, WITH US ENCOURAGEMENT AND PL 480 FOODSTUFFS, BRAZIL EMBARKED UPON A PROGRAM FOR SUPPLEMENTAL FEEDING ABOUT 600,000 PRESCHOOL CHILDREN THROUGH THE MINISTRY OF HEALTH. DUE TO LOGISTIC AND OTHER PROBLEMS (SHORTAGE OF MILK) THE PROGRAM PROVED MUCH MORE DIFFICULT TO IMPLEMENT THAN WAS THE SCHOOL LUNCH PROGRAM WHICH HAD THE ADVANTAGE OF THE USE OF THE SCHOOL SYSTEM TO FACILITATE FOOD DISTRIBUTION. AS PL 480 SOURCES BEGAN TO DIMINISH IN THE EARLY 1970'S, US INPUTS TO THE STRUGGLING PROGRAM BECAME INCREASINGLY SCARCE AND SUBSEQUENTLY CAUSED US TO BACK AWAY FROM EARLIER PLANS TO PROVIDE "START UP" ASSISTANCE TO THE THEN NEWLY FORMED BRAZILIAN NATIONAL FOOD AND NUTRITION INSTITUTE (INAN) IN UNDERTAKING A CHILD FEEDING PROGRAM (SEE 73 BRASILIA 5091). THE WFP PROJECT REJECTED IN REF A IS ONE ELEMENT OF INAN'S CONTINUING EFFORTS TO IMPLEMENT A PRESCHOOL FEEDING PROGRAM.

C. GIVEN THE ABOVE HISTORY ABORTED US PARTICIPATION IN BRAZIL'S SCHOOL LUNCH AND PRESCHOOL CHILD FEEDING PROGRAMS, THE PLANNED US ACTION TO VETO WFP SUPPORT OF THESE TWO AREAS WOULD UNDERSTANDABLY BE RECEIVED WITH BITTERNESS ON THE PART OF THE GOB AUTHORITIES INVOLVED AND WOULD CREATE WHAT LIMITED OFFICIAL USE

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TO US APPEARS TO BE AN UNNECESSARY IRRITANT IN US-BRAZILIAN RELATIONS

4. THE EMBASSY RECOGNIZES THAT THE USG HAS IN THE PAST TAKEN, AND WILL IN THE FUTURE TAKE, A LEADING ROLE IN THE DEVELOPMENT OF POLICY AND CRITERIA FOR EXTENDING ASSISTANCE THROUGH INTERNATIONAL ORGANIZATIONS WHICH WE HEAVILY SUPPORT. WE ARE IN ACCORD WITH ROME'S ASSESSMENT THAT, ONCE AN AGREED-UPON POLICY IS ESTABLISHED, WE SHOULD ACT IN ACCORDANCE WITH IT. IF SUBSEQUENT INDIVIDUAL PROJECTS ARE IN ACCORDANCE WITH THAT POLICY AND ARE SOUND IN THEMSELVES, THEN THE WITHHOLDING OF PREVIOUSLY PLEDGED RESOURCES WOULD APPEAR TO CARRY THE POLITICAL LIABILITIES OF

BILATERAL PROGRAMS WITH NONE OF THE ADVANTAGES.

5. AT A TIME WHEN WE ARE EXPERIENCING MAJOR PROBLEMS IN US-BRAZIL RELATIONS AS WE REPORTED IN OUR RECENT BRAZIL OVERVIEW (BRASILIA 0820)--PROBLEMS UNLIKELY TO DISAPPEAR OR TO BE RESOLVED IN THE SHORT TERM--IT WOULD SEEM TO US TO BE PRUDENT TO ATTEMPT TO MINIMIZE NEW DIFFICULTIES WHICH, ALTHOUGH IMPORTANT AS ISSUES, MAY BE SECONDARY TO THE CONCERNS AT HAND. USG INTEREST IN, AND VOTES ON, BRAZILIAN PROJECTS BEFORE MULTILATERAL COUNCILS CONTINUE TO BE VIEWED BY GOB OFFICIALS AS EVIDENCE OF OUR INTEREST IN BRAZILIAN DEVELOPMENT AND CAN ALSO SERVE TO ISOLATE THE MAJOR ISSUES FOR INDIVIDUAL TREATMENT RATHER THAN HAVING IT APPEAR THAT THE USG IS THWARTING BRAZIL ON A BROAD FRONT.
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